



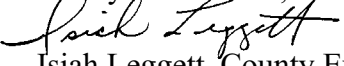
OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 13, 2007

TO: Marilyn J. Praisner, President, Montgomery County Council

FROM: 
Isiah Leggett, County Executive

SUBJECT: FY08 Operating Budget and FY08-13 Public Services Program

I am pleased to transmit to you, in accordance with the County Charter, my Recommended FY08 Operating Budget and FY08-13 Public Services Program. This budget is the culmination of months of work by many people, including my transition team, the residents of Montgomery County, and leaders and staff in all County agencies, who will put these creative ideas and strategies into practice serving our residents.

This budget supports my priority policy objectives:

- Preparing Children to Live and Learn
- Affordable Housing in an Inclusive Community
- Providing Safe Streets and Secure Neighborhoods
- Greater Responsiveness and Accountability
- Healthy and Sustainable Communities
- Keeping Montgomery Moving
- Ensuring Vital Living for All of Our Residents

As I promised Montgomery County residents, our FY08 services will be provided in a fiscally prudent way, consistent with the Charter limits on property tax revenue. My first budget provides significant property tax relief through a tax credit of \$613 per owner-occupied residential household. In addition, no tax rate increases are required to fund this budget (e.g., energy or telephone taxes). Within these revenue limitations, we were still able to affirm our commitment to education, transportation, public health and safety, and fully fund our employee wage agreements by carefully managing spending in other areas.

This is an affordable budget, based on the County's sound economy and the expectation that we will see continued, sustainable growth. While the dramatic growth in our real estate market has abated, we continue to see other signs of a strong and growing local economy including employment growth and relatively low inflation.

As always, final decisions by the Governor and General Assembly may further affect our budget deliberations. Details of my recommended budget can be found in the materials following this message.

Preparing Children to Live and Learn

We must prepare our children to live and learn so that they will become young adults who are productive workers, healthy individuals, and successful, responsible citizens.

For Montgomery County Public Schools, I recommend a total of \$1.97 billion, an increase of \$117.3 million or 6.3 percent over the FY07 Approved Budget to support an anticipated student body of more than 137,000. The local County contribution to support Montgomery County Public Schools increases \$59.7 million, to \$1.44 billion. My recommendation for local funding goes beyond Maintenance of Effort (defined as the same local investment per student as last year), which preserves our State Aid. Per pupil spending increases by nearly seven percent to \$14,370.

This budget sustains the County's robust program of early childhood services, such as Linkages to Learning, which we provide in partnership with the Public Schools and increases significantly the hours of availability of County nurses and health technicians who work in Montgomery County Public Schools.

I recommend an investment of \$233.2 million in Montgomery College as a means to help community members reach their full potential. This is an increase of nearly \$15 million or 6.8 percent over the FY07 Approved Budget, with a local contribution of \$93.5 million, up \$3.5 million from FY07. This level of support requires an increase in tuition and fees of \$3 per semester hour for county residents, \$6 per semester hour for Maryland residents, and \$9 per semester hour for students from outside of the state.

Our Gang and Youth Violence Prevention initiative is intended to provide a system for identification, prevention, early intervention and treatment that addresses the particular needs of our most vulnerable children. To accomplish this, I am proposing a package of initiatives to address the growing problem of gang activity and youth violence. Initiatives include an expanded summer jobs program; increased wrap around services to provide intensive services to at-risk or gang-involved youth; a sports academy at an upcounty high school; continuation of the five existing sports academies throughout the county; expanded programming for youth services in Wheaton, Silver Spring, and Germantown; funds to repair, maintain, and properly equip the five neighborhood centers that house youth programs and other community activities; two additional Assistant State's

Attorneys to focus on prosecution of gang related crimes; and annualization of \$500,000 for the Centralized Gang Task Force in the Police Department.

Affordable Housing in an Inclusive Community

My goal is to ensure the dignity of a home through decent, safe, and affordable housing for all who live in Montgomery County. We must create affordable housing and preserve our current affordable housing stock. To do this, I recommend an investment of \$29.8 million in the Montgomery Housing Initiative fund (MHI) for acquisition and rehabilitation of the County's affordable housing stock. I also recommend an additional Housing Code Inspector to improve safe and sanitary conditions in neighborhoods and additional support to review and evaluate Montgomery Housing Initiative Fund loan requests. My recommended budget for MHI will increase the General Fund transfer to \$23.2 million, which is \$10 million more than previously used funding formulas would have yielded in support of affordable housing. This provides an increase in the MHI budget of over 50 percent compared to the FY07 Approved Budget, to reach our goals of preserving and expanding affordable housing.

Providing Safe Streets and Secure Neighborhoods

Prevention and community outreach must be key components of our community policing strategy. To address these needs and due to rising calls for service, I recommend adding 43 new positions in our Police Department, including adding 30 new patrol positions, 2 new Duty Commanders, and 6 officers for a Centralized Gang Task Force.

Fire, Rescue, Emergency Medical Services and Emergency Preparedness are paramount to providing residents and visitors safe and secure streets and neighborhoods. To accomplish this, I am recommending expansion of the Fire Code Enforcement program and the second phase of four-person staffing on fire apparatus resulting in 58 new firefighters. These staffing improvements will enhance firefighter safety, improve our fire prevention capabilities, and reduce response times by dramatically expanding the number of firefighters and emergency medical technicians available to respond to emergency calls and make inspections for compliance with the Fire Safety Code.

In order to reduce pedestrian fatalities in our County, we will expand outreach about safe pedestrian behavior to people with limited English proficiency who are disproportionately involved in pedestrian traffic accidents.

Greater Responsiveness and Accountability

I promised Montgomery County residents a government that listens and understands, then responds and tracks and evaluates performance. To improve responsiveness, I recommend development of a centralized 311 Call Center and a Constituent Relationship Management system (CRM) to enhance community services. Citizens will ultimately be able to call one number to access

County government services and we will improve our ability to assure that every caller gets a timely response.

We will be taking a major step forward in modernizing our Core Business Systems to improve the efficiency, effectiveness, and responsiveness of the County Government. The Enterprise Resource Planning system project (ERP) will provide a significant upgrade to the County's financial, procurement, human resource, and budgeting systems and will streamline existing business processes. The ERP and CRM projects will be implemented through a new Technology Modernization capital project that will shortly be transmitted to the County Council for its review.

We will also be restructuring the Office of Community Outreach to establish an Office of Community Partnerships and hiring a new liaison to strengthen relationships, provide technical assistance, and enhance collaboration between the government and non-profit organizations to better address the needs of underserved communities.

Healthy and Sustainable Communities

We will increase Library hours on Sundays to provide greater community access and we will also provide a significant increase to the materials collection budget.

In order to address the ongoing crisis of the lack of available, affordable health care, I recommend increasing support to Montgomery Cares to provide access to health care for more than 20,000 low-income uninsured residents. As part of the Montgomery Cares program, we will also open a new behavioral health site and increase by 50 percent the resources devoted to providing health care for the homeless.

We are also significantly increasing our support for the Maternity Partnership program to support prenatal, delivery, and dental services at hospital sites for an expanded number of women. This budget also continues support for the County's Adult Dental Clinic, which provides basic dental care services for the uninsured. We are also including a 10 percent increase to the Minority Health Initiatives which have contributed significantly to outreach and efforts to eliminate health disparities for our Asian, Latino, and African American communities.

No longer a people of one language, one culture, or one sport, we must provide recreation, arts, health, and social programs to weave the fabric that holds us together as a community. We must increase collaboration and coordination among Recreation, the Maryland-National Capital Park and Planning Commission, Health and Human Services, and Montgomery County Public Schools to let residents know about recreational opportunities for all ages. I recommend too that we invest in repairing and maintaining facilities that house senior programs and enhance programs at the Tobytown Community Center.

In the last several years, the County has witnessed the growth of a vibrant arts community that has greatly enriched our quality of life. In this budget, I am increasing the Arts and Humanities

Council budget to provide increased capacity for project grants, fellowships, and operating support to local arts and humanities organizations. This amount also includes \$500,000 for discretionary grants for smaller and emerging arts organizations. In addition, funding is included to partner with the State and private developers to bring the Birchmere to Silver Spring.

We must preserve and sustain the environment in our community. I recommend that, in collaboration with the Board of Education, the County assume maintenance responsibility for Montgomery County Public Schools' stormwater management structures and that we improve water quality monitoring by increasing the use of stream gauges. I also recommend construction of two gas-to-energy facilities, which will manage the gas produced at closed landfills and convert it into clean energy. Finally, I recommend full implementation of new plan review and inspection procedures to reduce cross lot drainage in neighborhoods.

Keeping Montgomery Moving

A comprehensive transportation system is a critical element for our County's economic health and quality of life. Ride On served 27.3 million passengers in FY06, and expects to carry one million more passengers in FY08. To improve the quality, reliability and safety of our bus service during FY08, all Ride On service will be provided by County personnel and all buses maintained by the County. Additionally, we will continue implementation of the new Automatic Vehicle Location/Computer Aided Dispatch system for bus service.

We will also be expanding the eligibility and monthly maximum value for the Call 'N Ride program and provide free Ride On and Metrobus service for seniors and people with disabilities.

During FY07, we will begin construction of the Interim Operations Site (IOS) of the Paul S. Sarbanes Transit Center. Support for the IOS is included in the Silver Spring Urban District budget.

Through the capital budget we will also be providing support for the Montgomery Mall, Takoma/Langley Park, and White Oak Transit Center projects.

Ensuring Vital Living for All of Our Residents

Montgomery County is a community that celebrates our diversity. We will take aggressive steps to identify and close gaps in existing services to sustain this diversity especially in making Montgomery County a place where our residents can age in place. To reach this goal we are proposing several initiatives to improve services for the growing number of seniors within the County including: reducing the personal care waiting list; expanding the number of residents served by contractual chore services; piloting a Montgomery County Adult Day Care program; and expanding Adult Protective Services to respond to complaints of abuse, neglect, or financial exploitation.

In addition to the youth summer jobs program mentioned above, I am also establishing a community service fellows program to tap into the expertise and experience of County residents in managing our programs. I have also established an internship program for people with disabilities to provide County employment opportunities for our residents with disabilities and to partner with private organizations in providing job coaching and training for these interns.

I recommend supporting small and minority owned business development by investing in the Germantown and Wheaton business incubators and increasing our support to the Silver Spring and Rockville Innovation Centers.

I am recommending community grants totaling \$6.3 million for non-profit organizations that assist County agencies in addressing the human service needs of people in our community. Because some of these community grants leverage funding from State, Federal, or private funding sources for the construction or renovation of a major facility, they are more appropriately included in the County's Capital Improvements Program rather than the operating budget. We will shortly be transmitting amendments to the CIP to include funding for these partnership opportunities.

I recommend \$115.3 million for the Maryland-National Capital Park and Planning Commission budget, which represents a 5.9 percent increase over the FY07 Approved Budget and is a 9.5 percent increase for Maryland-National Capital Park and Planning Commission's tax supported budgets.

Investing in Our Workforce

This budget fully funds our agreements with our employee representative organizations including additional funds for workforce training. Also, we have recently negotiated the development of an innovative gain sharing program with the Municipal County Government Employees Organization. This will allow for the sharing of the benefits of productivity improvements between employees and the County.

Funding the Budget

I recommend total growth in our budget of 6.7 percent over the FY07 Approved Budget. My total FY08 budget is recommended at \$4,140.7 million, up \$259.1 million over the FY07 Approved Budget.

Not only are there no tax rate increases in this budget (e.g., energy and telephone taxes), we are adhering to the Charter limitation on property tax revenues and thereby providing significant property tax relief through an average tax credit of \$613 per owner-occupied residential household.

Water and Sewer rates increase by 5.3 percent in FY08 in accordance with the Spending Control Limits approved by the Montgomery County and Prince George's County Councils. In addition, certain other fees will need to be increased and new fees will be implemented to cover rising program costs. Details on fee increases are provided in the *How to Fund the Budget* section of my Recommended FY08 Operating Budget.

Final Thoughts

I want to thank those who contributed to the development of this spending plan including the Board of Education and Superintendent at Montgomery County Public Schools; the Trustees and President of Montgomery College; the Chair of the Maryland-National Capital Park and Planning Commission and the Planning Board; the Commissioners and General Manager of Washington Suburban Sanitary Commission; individual residents, as well as members of boards, commissions, and committees; community-based organizations; and directors, employees, and employee representatives of departments in all agencies.

Highlights of my recommendations are set forth on the following pages and details can be found in the departmental sections. The full budget can be viewed on the County's website at www.montgomerycountymd.gov. Details of the budget requests for Montgomery County Public Schools, Montgomery College, Maryland-National Capital Park and Planning Commission, and Washington Suburban Sanitary Commission can be seen in the separate budget documents produced by those agencies.

I look forward to working with the Council over the next two months on spending priorities and policy issues that arise, and have asked Executive Branch staff to assist you in your deliberations.